

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

August 9, 2011

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2012

VAUGHN ALTEMUS, representing Commissioner of Education

THOMAS CANDON, representing Commissioner of BISHCA

STEPHEN WISLOSKI, representing ELIZABETH PEARCE, VT State Treasurer

Members absent:

THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013

Also attending:

Matthew Considine, Director of Investments

Cynthia Webster, Director of Retirement Policy and Outreach & Executive Secretary to the Board

Karl Kroner, Great West Retirement Services

Chip Sanville, Great West Retirement Services

Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Jon Harris, called the Tuesday, August 9, 2011, meeting to order at 9:00 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of: July 14, 2011**

On motion by Mr. Wisloski, seconded by Mr. Mackey, the Board voted unanimously to approve the minutes of July 14, 2011 as submitted.

ITEM 2: **403(b) quarterly update by Great West Retirement Services**

Mr. Kroner appeared before the Board and provided the Quarterly Report for June 30, 2011 for the 403(b) Investment Program. Mr. Kroner indicated to the Board members Q2 was a pretty good quarter. Mr. Kroner indicated the plan closed the quarter just shy of 24 million at \$23.98 and that the plan assets grew by 11.6%. The Board discussed what this increase in assets stemmed from. Mr. Mackey requested that future reports have the inception date of the plan for reference purposes. Mr. Kroner indicated they will include that information in future reports. Mr. Kroner reviewed the breakdown of the funds, indicating the bulk is in the profile funds. Mr. Kroner indicated there are seven members currently in the new SRI funds. Mr. Kroner indicated the average account value is \$15,000, which is up from last year. Mr. Kroner indicated he will research why there is an increase in mid-cap funds for Mr. Wisloski. He indicated it may be because members are chasing returns. Mr. Kroner reviewed the contribution history, indicating it was the same as last year. There was a discussion about the payroll schedule. Mr. Kroner indicated going into the profile funds is an election and not automatic.

There was a discussion about the number of retirees this year, and the possible increase in retirees for the upcoming years. There was a discussion about distributions. Mr. Sanville indicated some of the bigger competitors were Edward Jones, the State Credit Union, and AIG. There was a discussion why the annuity product might be of interest to some of the members that are making withdrawals. Mr. Sanville indicated he does counsel the members about all their options so they fully understand before their option before they make a withdrawal. There was a discussion about minimum distributions.

Mr. Kroner reviewed the three tiers of service that are offered by AAG (Advised Assets Group). Mr. Sanville answered the Board's questions about the increase in telephone calls in the last couple of days relative to the volatility of the stock market, and how he is counseling members. The field activity was reviewed with the Board. The fund performance was reviewed. Mr. Kroner indicated there will be a message put up on the website concerning the stock market and the happenings of the last few days. Board members agreed with Mr. Wisloski that a benchmark should be included in the quarterly report.

ITEM 3: SDIA quarterly report

Mr. Sanville appeared before the Board and provided the Quarterly Report for June 30, 2011 for the SDIA Plan. Mr. Sanville reviewed the plan results and the administrative overview for the SDIA Plan. There was a discussion about the required minimum distributions. Mr. Sanville indicated there was less activity relative to Key Talk. He indicated he believes it has to do with the statements going out semi-annually. Mr. Altemus made an inquiry concerning the fixed product. Mr. Kroner indicated he will provide a breakdown to Cynthia so she can provide it to the entire Board. There was a discussion about Great West's rating. There was a discussion about the 457 Plan and the 403(b) plan both being offered in some schools.

(Mr. Kroner and Mr. Sanville left the meeting at this time.)

On motion by Mr. Wisloski, seconded by Mr. Altemus, the Board voted unanimously to enter Executive Session at 9:53 a.m. pursuant to Title 1, § 313 for the purpose of discussing contract issues.

(The Board exited Executive Session at 10:05 a.m.)

ITEM 4: Review/act on disability applications of:

James T. Day	New
Susan M. Weed	New

On motion by Mr. Candon, seconded by Mr. Mackey, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for James T. Day, without review.

On motion by Mr. Candon, seconded by Mr. Mackey, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Susan Weed, without review.

It was indicated to Mr. Candon that the new doctor, Dr. Kalibat, was working out fine with the Medical Review Board.

ITEM 5: Treasurer's Office staff update

Mr. Wisloski outlined the recent changes to the Treasurer's Office. He indicated in addition to Matt Considine doing an excellent job they have recently hired Scott Baker as the Director of Financial Reporting. Mr. Wisloski indicated Lestyn is moving to the Retirement Division, and her replacement, JP Isabelle, will be starting in two weeks. Mr. Wisloski indicated Tina Ryan has replaced Monica at the front desk and Cynthia indicated Tina is doing a wonderful job. Mr. Wisloski indicated they will still be hiring an assistant for Matt.

Mr. Harris indicated he spoke to Justin Norris yesterday, the new alternate, and welcomed him to the Board. He indicated he will attend the next board meeting.

ITEM 6: Any other business to come before the Board

Ms. Webster indicated they are still working on the RFI relative to the secure foundation product. Ms. Webster indicated the intensive testing will start again with VPAS since the summer rush is over. Mr. Mackey indicated the Treasurer's Office is still working on the spreadsheet relative to contributions and funding. Mr. Wisloski advised the Board that VPIC had a good last year, indicating that gross of fees their fund performance was 20.9%. Mr. Wisloski reviewed the performance of several different states in comparison to Vermont. There was a discussion about funding for the health insurance. Ms. Webster indicated there have been a few meetings with VEHI about a new program that is being offered relative to Medicare D. Ms. Webster indicated they are still in the early stages of these discussions.

ITEM 7: Adjournment

On motion by Mr. Candon, seconded by Mr. Altemus, the Board unanimously voted to adjourn at 10:40 a.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call meeting on Thursday, September 8, 2011 at 3:30 p.m., if needed.

Respectfully submitted,

Cynthia L. Webster
Executive Secretary to the Board